

May 17, 2011

MEMORANDUM

TO: DNRC Trust Land Area Managers
FROM: Jeanne Holmgren, Chief Real Estate Management Bureau
RE: SB 409 Revise methods to establish rental fees and sale of state land cabin sites

As you are aware, SB 409 became law last week. This new statute establishes an alternative method for our cabin and homesite lessees to choose how they are assessed an annual lease fee for their cabin and homesite lease. For reference to the bill, following are links to SB 409:

<http://data.opi.mt.gov/bills/2011/billhtml/SB0409.htm>

<http://data.opi.mt.gov/bills/2011/billpdf/SB0409.pdf>

As additional information, the Governor issued a non-signing statement related to SB 409 (link to [SB 409 - non-signing statement - cabin leases](#)). The non-signing statement from the governor says, "... I have informed members of the Land Board that they can expect to be back in court to relitigate *Montanans for Responsible Use of the School Trust v. State of Montana (Montrust 1)*, 296 Mont. 402, 989 P.2d 800 (1999)." It remains to be seen what the law may look like if there is litigation.

Major elements of the bill include:

- Development of rules by January 2012
- Competitive bidding of vacant and lessee initiated leases
- Establish neighborhood averages

Implementation of the legislation is largely predicated on the completion of the administrative rules and results of competitive bidding. Therefore, the lease fee of lessees who choose the terms and conditions of this legislation would not be affected for over a year.

As noted by the Governor, if the legislation is litigated the implementation of this law or how the law would be implemented is unknown. If the law is not litigated following is a proposed timeline for the rules development:

May 16 – Start drafting rules

May and June – continued rule drafting and internal discussions on draft rules

July 18 – start rulemaking with land board approval

July 19 – start MEPA

Aug 30 and 31 – MEPA hearings

Oct 15 – target MEPA conclusion date

Dec 19 – land board meeting and approval of final rules